2003

11 May 1954

Goodbourne

MEMORANDUM FOR:

SUBJECT

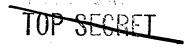
Progress Report - PBSUCCESS for the Period 4-10 May 1954

## I. Operational

The following events of operational significance occurred during the reporting period:

where he will attempt to defect Col. Carlos Enrique DIAZ, Chief of the Guatemalan Armed Forces. In connection with this operation, departed for Caracas and will serve as case officer/cutout between and Remain South

- his resignation to this Agency. On II may vill arrive in Washington to discuss events which led to his desire to sever connections with CIA.
- C. The present critical political situation in Honduras could be very detrimental to the interests of PRSUCCESS. On 8 May it was reported from Nicaragua that President GALVEZ of Honduras was considering turning over the Honduran Government to Defense Minister PINEDA, reportedly in the pay of the Guatemalan Government. The possibility exists that GALVEZ is a captive of the Reds and no longer has freedom of choice.
- E. A report from Tegucigalpa reflects that the Salvadoran Government has promised to issue varnings against Communist action to Salvadoran people in the area along the north coast of Honduras. With this in mind the Honduran Government has taken the opportunity to send word to President OSORIO of El Salvador that the Guatemalan Government is the root of all current trouble and deems that counteraction should be taken as soon as possible. Honduran Foreign Minister, Eduardo VALENZUEIA, is ready to discuss the Guatemalan situation with OSORIO at the earliest time set by OSORIO and is now awaiting a reply from the latter.



## LVES CELLY

- F. The SS WULFBROOK, under West German registry, and destined for Puerto Barrios, Guatemala, is suspected of carrying contraband arms under false manifest from behind the iron curtain for the Guatemalan Government. Plans are being made to divert this shipment of arms.
- G. Plans are being made to send to Tegucigalpa under unofficial cover. While in Honduras, sabotage assistance to the Honduran Air Force.
- H. A staff agent departed from Headquarters for an on 7 May in an attempt to recruit as an informant an individual who is related by marriage to President ARBENZ of Guatemala.
- I. A report from Guatemala dated 5 May 1954, evaluated C-3, indicates that an unknown number of unidentified Guatemalan Army officers were arrested on 2 or 3 May in Campo de Marte. Details of this arrest have not yet been made available.
- J. SHERWOOD broadcasts to Guatemala were jammed on 4 May by a loud whistle apparently emanating from Radio Telefunken in Guatemala.
- K. As a result of a report from the Vanguardia Popular (VP, Costa Rican Communist Party) that a U.S. intelligence agent was working in Guatemala, Arthur G. VAIVADA (ps), contract agent, departed from Cuatemala. His family at present is preparing to leave Guatemala for
- M. In an effort to keep the hand of the U.S. Government from being disclosed in the PBSUCCESS operation, CALLIGERIS and/or his chosen representative will attempt to enlist the aid of President PEREZ Jimenez of Venezuela. In like manner, CALLIGERIS is also attempting to purchase arms from the Dominican Republic. These arms will be planted in Guatemala so as to be discovered, thus implicating the Dominican Republic in the plan to overthrow the Guatemalan Government.
- N. Operation WASHTUB appears to be highly successful to date, and has been given coverage in newspapers in Central America, the United States, and Europe.



## TYES GALY

- O. The last polygraph tests administered in Nicaragua picked up a new enemy-controlled agent and confirmed all suspicions about Raul SIERRA. Lincoln has issued a strong directive to the effect that these two individuals must be cut off from all operations immediately.
- P. Marmel MCRALES Orell died the night of 5 May 1954 in Tegucigalpa as the result of an accidental pistol discharge. A member of the CALLIG-ERIS staff, MCRALES has been proclaimed the first hero of the liberation.
- Q. [USA ret.] was debriefed on his Guatemalan acquaintances and usperfed from Washington on 3 May for his home in California. From there he departed for Guatemala City on CMay via Mexico City travelling under tourist cover and accompanied by his wife. In Guatemala [ ] will meet former acquaintances as old friends with the view of desermining their current attitudes and loyalties and also to ascertain the general attitude of the Guatemalan Army.

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